

COSHOCTON COUNTY
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 2001



**Auditor of State
Betty Montgomery**

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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of County Commissioners
Coshocton County
349 Main Street
Coshocton, Ohio 43812

We have reviewed the Independent Auditor's Report of Coshocton County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Coshocton County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 8, 2002

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**FINANCIAL CONDITION
COSHOCOTON COUNTY**

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**FINANCIAL CONDITION
COSHOCTON COUNTY**

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2001**

<u>NAME</u>	<u>TITLE</u>	<u>TERM</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Kathleen Thompson	Commissioner	1/2/01-1/1/05	(A)	\$5,000	(D)
Leland Wyse	Commissioner	1/3/01-1/3/05	(B)	\$5,000	(D)
Grant Daugherty	Commissioner	1/1/99-12/31/02	(A)	\$5,000	(D)
Richard J. Tompkins	Auditor	3/9/99-3/8/03	(C)	\$20,000	(D)
Michelle Darner	Treasurer	9/1/01-9/1/05	(C)	\$50,000	(D)
Robert Batchelor	Prosecutor	1/7/01-1/7/05			
F.O.J. Bond`			(C)	\$39,890	(D)
Official Bond			(C)	\$1,000	(D)
Sandra Corder	Recorder	1/4/01-1/4/05	(B)	\$10,000	(D)
Irene C. Miller	Clerk of Courts	1/4/01-1/4/05	(B)	\$10,000	(D)
Richard T. Evans	Common Pleas Judge	1/1/01-1/1/05	N/A	N/A	N/A
C. Fenning Pierce	Probate Juvenile Judge	2/9/97-2/8/03			
Probate Court			(B)	\$7,500	(D)
Juvenile Court			(B)	\$7,500	(D)
Fredrick T. Wachtel	Engineer	1/4/01-1/3/05	(A)	\$2,000	(D)
Robert B. Gwinn	Coroner	1/4/01-1/3/05	(B)	\$5,000	(D)
Timothy R. Rogers	Sheriff	1/4/01-1/3/05			
F.O.J. Bond			(B)	\$22,500	(D)
Official Bond			(B)	\$5,000	(D)

- (A) Ohio Farmers Insurance Company
- (B) Western Surety Company
- (C) Cincinnati Insurance Company
- (D) Same as Term of Office

**FINANCIAL CONDITION
COSHOCKTON COUNTY**

INDEX OF FUNDS

GOVERNMENTAL FUND TYPE:

General Fund

Special Revenue Fund Type:

Dog and Kennel Fund

County Recorder Equipment Fund

Certificate of Title Administration Fund

5th District Court Computer Fund

Court Computer Fund

Indigent Guardianship Fund

Indigent Drivers Alcohol Fund

Real Estate Assessment Fund

Motor Vehicle and Gasoline Tax Fund

FEMA

Hopewell School fund

Community MRDD Residential Services Fund

Good Beginnings Grant Fund

Family & Children Grant

Ohio Early Start Grant

Wellness Block Grant

Children Services Fund

911 Levy Fund

Emergency Management Agency Fund

Drug Law Enforcement Fund

Law Enforcement Education Fund

Law Enforcement Trust –Sheriff Fund

Law Enforcement Trust – Prosecuting Attorney Fund

Community Corrections Grant Fund

Safe Neighborhood Grant

Litter control and Recycling Fund

Wave Truancy

Reclaim Ohio Fund

Small Cities Block Grant Fund

Special Emergency Planning Fund

Victims Assistance Fund

Domestic Violence Fund

Children's Trust Fund

Public Assistance Discretionary Fund

Child Support Enforcement Agency Fund

Tax Escrow Interest Fund

Delinquent Real Estate Tax Assessment Collection Fund

Sheriff's Commissary Fund

Children Services Cluster Grant Fund

Debt Service Fund Types:

Hopewell Emergency Debt

Human Services Building Bond Fund

Capital Projects Fund Types:

Water and Sewer Grant Fund

County Home Maintenance Fund

Capital Projects Fund

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**INDEX OF FUNDS
(Continued)**

PROPRIETARY FUND TYPE:

Internal Service Fund Types:

Self-Insurance Fund
Sheriff Policing Rotary Fund

FIDUCIARY FUND TYPE:

Trust and Agency Fund Types:

Expendable Trust Funds:

Children Services Golden Trust Fund
Children Services McKee Trust Fund
Children Services Smith Trust Fund

Agency Funds:

Unclaimed Money Fund
Muskingum Area Community Mental Health Fund
Ohio Election Commission Fund
Hospital Emergency Room Fund
Law Library Fund
County Hotel/Motel Lodging Tax Fund
Undivided General Fund
Tax Escrow Fund
Undivided Personal Property Fund
Undivided Library Local Government Support fund
Undivided Inheritance Fund
Undivided Cigarette Tax Fund
Undivided Local Government Fund
Local Government Revenue Assistance Fund
Undivided Motor Vehicle Tax Fund
Undivided Trailer Tax Fund
State Settlement Fund
Undivided Township Gasoline and License Tax Fund
School Settlement Fund
Corporation Settlement Fund
Township Settlement Fund
Fire District Settlement Fund
Library District Settlement Fund
Payroll Clearing Fund

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**INDEX OF FUNDS
(Continued)**

FIDUCIARY FUND TYPE: (Continued)

Agency Funds: (Continued)

OUTSIDE AGENCIES:

REGIONAL PLANNING:

Regional Planning Fund

SOIL AND WATER CONSERVATION:

Soil and Water Conservation Fund

CITY/COUNTY PARK DISTRICT:

Park District Fund

Park District Debt Service Fund

Park District Construction Fund

DISTRICT HEALTH:

Child and Family Health Fund

District Health Fund

Swimming Pool Fund

Women, Infants, and Children's Fund

Water System Fund

Food Service Fund

Trailer Park Fund

Solid Waste Fund

Human Service Fund

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board Of County Commissioners
Coshocton County
349 Main Street
Coshocton, Ohio 43812

We have audited the accompanying general-purpose financial statements of Coshocton County as of and for the year ended December 31, 2001. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Coshocton County as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 2, 2003, on our consideration of Coshocton County's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the County, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 2, 2003

COSHOCTON COUNTY, OHIO
Combined Balance Sheet
All Fund Types, Accounts Groups and Discretely Presented Component Units
December 31, 2001

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>
Assets and Other Debits					
Assets:					
Cash & Cash Equivalents with Treasurer	\$ 1,474,414	\$ 3,327,794	\$ 232,166	\$ 3,173,983	\$ 182,392
Cash and Cash Equivalents in Segregated Accounts	-	6,982	-	-	-
Investments with Fiscal Agent	537,470	1,160,616	82,673	1,130,235	64,949
Receivables:					
Taxes	1,803,321	2,518,078	146,392	-	-
Accounts	17,907	10,574	-	-	98,461
Accrued Interest	60,906	-	-	-	-
Due from Other Funds	40,539	737	-	-	-
Due from Other Governments	82,955	1,476,783	2,125	789	-
Materials and Supplies Inventory	13,166	138,412	-	-	-
Prepaid Insurance	61,480	-	-	-	-
Fixed Assets	-	-	-	-	97,344
Other Debits:					
Amount Available for Debt Service	-	-	-	-	-
Amount to be Provided from General Government Resources	-	-	-	-	-
Total Assets and Other Debits	\$ 4,092,158	\$ 8,639,976	\$ 463,356	\$ 4,305,007	\$ 443,146
Liabilities, Fund Equity, and Other Credits					
Liabilities:					
Accounts Payable	\$ 80,096	\$ 500,359	\$ -	\$ 405,468	\$ 2,853
Accrued Wages and Benefits	201,625	339,635	-	-	62,036
Compensated Absences Payable	30,308	35,177	-	-	92,464
Due to Other Funds	-	31,276	-	-	-
Due to Other Governments	165	49,632	-	-	-
Deferred Revenue	1,376,085	3,703,906	146,392	-	-
Undistributed Monies	-	-	-	-	-
Deposits Held and Due to Others	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-
Notes Payable	-	-	-	-	-
Claims Payable	-	-	-	-	23,214
General Obligation Bonds Payable	-	-	-	-	-
Total Liabilities	\$ 1,688,279	\$ 4,659,985	\$ 146,392	\$ 405,468	\$ 180,567
Fund Equity and Other Credits:					
Investment in General Fixed Assets	-	-	-	-	-
Retained Earnings:					
Unreserved	-	-	-	-	262,579
Fund Balance:					
Reserved for Encumbrances	291,200	1,151,266	-	893,342	-
Reserved for Inventory	13,166	138,412	-	-	-
Reserved for Prepays	61,480	-	-	-	-
Unreserved, Undesignated	2,038,033	2,690,313	316,964	3,006,197	-
Total Fund equity and Other Credits	\$ 2,403,879	\$ 3,979,991	\$ 316,964	\$ 3,899,539	\$ 262,579
Total Liabilities, Fund Equity and Other Credits	\$ 4,092,158	\$ 8,639,976	\$ 463,356	\$ 4,305,007	\$ 443,146

The Notes to the general Purpose Financial Statements are an integral part of this Statement

COSHOCTON COUNTY, OHIO
Combined Balance Sheet
All Fund Types, Accounts Groups and Discretely Presented Component Units
December 31, 2001

	Fiduciary	Account Groups		Totals (Memo Only) Primary Govt
	Fund Types Trust & Agency	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits				
Assets:				
Cash & Cash Equivalents with Treasurer	\$ 1,251,910	\$ -	\$ -	\$ 9,642,659
Cash and Cash Equivalents in Segregated Accounts	330,949	-	-	337,931
Investments with Fiscal Agent	766,110	-	-	3,742,053
Receivables:				
Taxes	25,934,529	-	-	30,402,320
Accounts	-	-	-	126,942
Accrued Interest	850	-	-	61,756
Due from Other Funds	-	-	-	41,276
Due from Other Governments	2,017,190	-	-	3,579,842
Materials and Supplies Inventory	-	-	-	151,578
Prepaid Insurance	-	-	-	61,480
Fixed Assets	-	18,371,202	-	18,468,546
Other Debits:				
Amount Available for Debt Service	-	-	316,964	316,964
Amount to be Provided from General Government Resources	-	-	7,504,689	7,504,689
Total Assets and Other Debits	\$ 30,301,538	\$ 18,371,202	\$ 7,821,653	\$ 74,438,036
Liabilities, Fund Equity, and Other Credits				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 988,776
Accrued Wages and Benefits	-	-	318,111	921,407
Compensated Absences Payable	-	-	690,291	848,240
Due to Other Funds	10,000	-	-	41,276
Due to Other Governments	27,951,719	-	-	28,001,516
Deferred Revenue	-	-	-	5,226,383
Undistributed Monies	1,889,981	-	-	1,889,981
Deposits Held and Due to Others	409,184	-	-	409,184
Capital Leases Payable	-	-	8,764	8,764
Notes Payable	-	-	5,114,487	5,114,487
Claims Payable	-	-	-	23,214
General Obligation Bonds Payable	-	-	1,690,000	1,690,000
Total Liabilities	\$ 30,260,884	\$ -	\$ 7,821,653	\$ 45,163,228
Fund Equity and Other Credits:				
Investment in General Fixed Assets	-	18,371,202	-	18,371,202
Retained Earnings:				
Unreserved	-	-	-	262,579
Fund Balance:				
Reserved for Encumbrances	-	-	-	2,335,808
Reserved for Inventory	-	-	-	151,578
Reserved for Prepays	-	-	-	61,480
Unreserved, Undesignated	40,654	-	-	8,092,161
Total Fund equity and Other Credits	\$ 40,654	\$ 18,371,202	\$ -	\$ 29,274,808
Total Liabilities, Fund Equity and Other Credits	\$ 30,301,538	\$ 18,371,202	\$ 7,821,653	\$ 74,438,036

The Notes to the general Purpose Financial Statements are an integral part of this Statement

COSHOCTON COUNTY, OHIO
Combined Balance Sheet
All Fund Types, Accounts Groups and Discretely Presented Component Units
December 31, 2001

	<u>Component Units</u>		<u>Totals</u>
	<u>Hopewell Industries</u>	<u>Airport Authority</u>	<u>(Memo Only) Reporting Entity</u>
Assets and Other Debits			
Assets:			
Cash & Cash Equivalents with Treasurer	\$ -	\$ -	\$ 9,642,659
Cash and Cash Equivalents in Segregated Accounts	298,319	111,739	747,989
Investments with Fiscal Agent	-	-	3,742,053
Receivables:			
Taxes	-	-	30,402,320
Accounts	42,970	9,182	179,094
Accrued Interest	-	-	61,756
Due from Other Funds	-	-	41,276
Due from Other Governments	-	92,864	3,672,706
Materials and Supplies Inventory	11,496	6,231	169,305
Prepaid Insurance	1,598	-	63,078
Fixed Assets	70,529	1,330,204	19,869,279
Other Debits:			
Amount Available for Debt Service	-	-	316,964
Amount to be Provided from General Government Resources	-	-	7,504,689
Total Assets and Other Debits	<u>\$ 424,912</u>	<u>\$ 1,550,220</u>	<u>\$ 76,413,168</u>
Liabilities, Fund Equity, and Other Credits			
Liabilities:			
Accounts Payable	\$ -	\$ 4,301	\$ 993,077
Accrued Wages and Benefits	10,330	-	931,737
Compensated Absences Payable	-	-	848,240
Due to Other Funds	-	-	41,276
Due to Other Governments	-	-	28,001,516
Deferred Revenue	-	92,864	5,319,247
Undistributed Monies	-	-	1,889,981
Deposits Held and Due to Others	8,785	-	417,969
Capital Leases Payable	-	-	8,764
Notes Payable	-	49,362	5,163,849
Claims Payable	-	-	23,214
General Obligation Bonds Payable	-	-	1,690,000
Total Liabilities	<u>\$ 19,115</u>	<u>\$ 146,527</u>	<u>\$ 45,328,870</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets	70,529	1,330,204	19,771,935
Retained Earnings:			
Unreserved	-	-	262,579
Fund Balance:			
Reserved for Encumbrances	-	-	2,335,808
Reserved for Inventory	11,496	6,231	169,305
Reserved for Prepays	-	-	61,480
Unreserved, Undesignated	323,772	67,258	8,483,191
Total Fund equity and Other Credits	<u>\$ 405,797</u>	<u>\$ 1,403,693</u>	<u>\$ 31,084,298</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 424,912</u>	<u>\$ 1,550,220</u>	<u>\$ 76,413,168</u>

The Notes to the general Purpose Financial Statements are an integral part of this Statement

COSHOCTON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types, Similar Trust Funds and
Discretely Presented Component Units
For the Year Ended December 31, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Taxes	\$ 4,101,969	\$ 2,659,829	\$ 186,817	\$ -
Licenses & Permits	3,721	11,129	-	11,174
Charges for Services	1,042,717	865,537	32,009	-
Fines and Forfeitures	67,024	91,507	-	-
Intergovernmental	1,352,791	14,786,542	19,764	352,573
Investment Income	702,153	39,238	-	-
Lease/Rental Income	223,376	-	-	-
Other	297,497	796,173	44,812	-
Total Revenue	<u>\$ 7,791,248</u>	<u>\$ 19,249,955</u>	<u>\$ 283,402</u>	<u>\$ 363,747</u>
Expenditures:				
Current:				
General Government:				
Legislative & Executive	\$ 2,428,061	\$ 504,233	\$ -	\$ -
Judicial	1,086,432	76,855	-	-
Public Safety	2,968,620	460,598	-	-
Public Works	176,885	4,687,730	-	405,468
Health	63,227	4,514,407	-	-
Human Services	175,858	9,840,871	-	-
Conservation & Agriculture	399,403	-	-	-
Miscellaneous	368,373	-	-	-
Capital Outlay	-	-	-	1,385,442
Debt Service:				
Principal Retirement	4,818	35,137	62,967	-
Interest and Fiscal Charges	407	59,471	60,736	-
Total Expenditures	<u>7,672,084</u>	<u>20,179,302</u>	<u>123,703</u>	<u>1,790,910</u>
Excess Revenue Over (Under) Expenditure	<u>\$ 119,164</u>	<u>\$ (929,347)</u>	<u>\$ 159,699</u>	<u>\$ (1,427,163)</u>
Other Financing Sources (Uses):				
Other Financing Sources	\$ 188,490	\$ 110,582	\$ -	\$ -
Other Financing Uses	(19,187)	-	-	-
Proceeds of Notes	-	-	-	4,624,694
Operating Transfers-In	18,000	135,001	-	-
Operating Transfers-Out	(135,001)	(18,000)	-	-
Total Other Financing Sources(Uses)	<u>\$ 52,302</u>	<u>\$ 227,583</u>	<u>\$ -</u>	<u>\$ 4,624,694</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 171,466</u>	<u>\$ (701,764)</u>	<u>\$ 159,699</u>	<u>\$ 3,197,531</u>
Fund Balance at Beginning of Year	<u>2,232,056</u>	<u>4,670,291</u>	<u>157,265</u>	<u>702,008</u>
Decrease in Reserve for Inventory	<u>357</u>	<u>11,464</u>	<u>-</u>	<u>-</u>
Fund balance at End of Year	<u>\$ 2,403,879</u>	<u>\$ 3,979,991</u>	<u>\$ 316,964</u>	<u>\$ 3,899,539</u>

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

COSHOCTON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types, Similar Trust Funds and
Discretely Presented Component Units
For the Year Ended December 31, 2001

	Expendable Trust	Totals	Component Units		Totals
		(Memo Only) Primary Govt	Hopewell Industries	Airport Authority	(Memo Only) Reporting Entity
Revenues:					
Taxes	\$ -	\$ 6,948,615	\$ -	\$ -	\$ 6,948,615
Licenses & Permits	-	26,024	-	-	26,024
Charges for Services	-	1,940,263	251,549	78,786	2,270,598
Fines and Forfeitures	-	158,531	-	-	158,531
Intergovernmental	-	16,511,670	374,834	197,169	17,083,673
Investment Income	1,675	743,066	14,533	3,333	760,932
Lease/Rental Income	-	223,376	-	30,885	254,261
Other	-	1,138,482	233	22,183	1,160,898
Total Revenue	\$ 1,675	\$ 27,690,027	\$ 641,149	\$ 332,356	\$ 28,663,532
Expenditures:					
Current:					
General Government:					
Legislative & Executive	\$ -	\$ 2,932,294	\$ -	\$ -	\$ 2,932,294
Judicial	-	1,163,287	-	-	1,163,287
Public Safety	-	3,429,218	-	-	3,429,218
Public Works	-	5,270,083	-	80,823	5,350,906
Health	-	4,577,634	679,209	-	5,256,843
Human Services	5,000	10,021,729	-	-	10,021,729
Conservation & Agriculture	-	399,403	-	-	399,403
Miscellaneous	-	368,373	-	77,111	445,484
Capital Outlay	-	1,385,442	-	-	1,385,442
Debt Service:					
Principal Retirement	-	102,922	-	-	102,922
Interest and Fiscal Charges	-	120,614	-	-	120,614
Total Expenditures	5,000	29,770,999	679,209	157,934	30,608,142
Excess Revenue Over (Under) Expenditures	\$ (3,325)	\$ (2,080,972)	\$ (38,060)	\$ 174,422	\$ (1,944,610)
Other Financing Sources (Uses):					
Other Financing Sources	\$ -	\$ 299,072	\$ -	\$ -	\$ 299,072
Other Financing Uses	-	(19,187)	-	-	(19,187)
Proceeds of Notes	-	4,624,694	-	-	4,624,694
Operating Transfers-In	-	153,001	-	-	153,001
Operating Transfers-Out	-	(153,001)	-	-	(153,001)
Total Other Financing Sources(Uses)	\$ -	\$ 4,904,579	\$ -	\$ -	\$ 4,904,579
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	\$ (3,325)	\$ 2,823,607	\$ (38,060)	\$ 174,422	\$ 2,959,969
Fund Balance at Beginning of Year	43,979	7,805,599	443,857	1,229,271	9,478,727
Decrease in Reserve for Inventory	-	11,821	-	-	11,821
Fund Balance at End of Year	\$ 40,654	\$ 10,641,027	\$ 405,797	\$ 1,403,693	\$ 12,450,517

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

COSHOCTON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, Changes in Fund Balances
Budget and Actual (Budgetary Basis) - All Governmental Fund Types
For the Year Ended December 31, 2001

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,854,070	\$ 4,086,344	\$ 232,274	\$ 2,614,980	\$ 2,659,829	\$ 44,849
Licenses & Permits	4,400	3,721	(679)	11,129	11,129	-
Charges for Services	980,010	1,042,322	62,312	777,456	904,134	126,678
Fines and Forfeitures	53,260	67,024	13,764	82,031	91,507	9,476
Intergovernmental	1,205,047	1,364,005	158,958	14,712,536	14,991,672	279,136
Investment Income	813,000	822,777	9,777	72,960	39,238	(33,722)
Lease/Rental Income	244,000	223,376	(20,624)	-	-	-
Other	209,102	298,138	89,036	421,373	798,445	377,072
Total Revenue	\$ 7,362,889	\$ 7,907,707	\$ 544,818	\$ 18,692,465	\$ 19,495,954	\$ 803,489
Expenditures:						
Current:						
General Government:						
Legislative & Executive	\$ 2,704,605	\$ 2,521,055	\$ 183,550	\$ 699,844	\$ 585,001	\$ 114,843
Judicial	1,266,734	1,210,111	56,623	133,878	128,239	5,639
Public Safety	3,167,669	3,129,910	37,759	787,298	477,979	309,319
Public Works	221,336	201,859	19,477	5,318,699	5,062,051	256,648
Health	66,463	64,057	2,406	4,819,618	4,609,420	210,198
Human Services	216,140	185,266	30,874	10,998,141	10,799,627	198,514
Conservation & Agriculture	391,569	399,675	(8,106)	-	-	-
Miscellaneous	416,929	374,890	42,039	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Retirement	41,406	41,406	-	30,000	30,000	-
Interest and Fiscal Charges	28,040	28,040	-	59,400	59,037	363
Total Expenditures	\$ 8,520,891	\$ 8,156,269	\$ 364,622	\$ 22,846,878	\$ 21,751,354	\$ 1,095,524
Excess Revenue Over (Under) Expenditures	\$ (1,158,002)	\$ (248,562)	\$ 909,440	\$ (4,154,413)	\$ (2,255,400)	\$ 1,899,013
Other Financing Sources (Uses):						
Other Financing Sources	\$ 137,671	\$ 188,490	\$ 50,819	\$ 88,538	\$ 110,582	\$ 22,044
Other Financing Uses	(22,929)	(22,165)	764	-	-	-
Proceeds of Notes	-	-	-	-	-	-
Advances-In	-	66,674	66,674	-	56,674	56,674
Advances-Out	-	(56,674)	(56,674)	-	(56,674)	(56,674)
Operating Transfers-In	-	18,000	18,000	145,415	135,001	(10,414)
Operating Transfers-Out	(135,001)	(135,001)	-	-	(18,000)	(18,000)
Total Other Financing Sources(Uses)	\$ (20,259)	\$ 59,324	\$ 79,583	\$ 233,953	\$ 227,583	\$ (6,370)
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,178,261)	\$ (189,238)	\$ 989,023	\$ (3,920,460)	\$ (2,027,817)	\$ 1,892,643
Fund Balance at Beginning of Year	\$ 1,401,250	\$ 1,401,250	\$ -	\$ 2,876,328	\$ 2,876,328	\$ -
Prior Year Encumbrances Appropriated	409,901	409,901	-	2,063,386	2,063,386	-
Fund Balance at End of Year	\$ 632,890	\$ 1,621,913	\$ 989,023	\$ 1,019,254	\$ 2,911,897	\$ 1,892,643

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

COSHOCTON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, Changes in Fund Balances
Budget and Actual (Budgetary Basis) - All Governmental Fund Types
For the Year Ended December 31, 2001

	Debt Service			Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 162,351	\$ 186,817	\$ 24,466	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-
Charges for Services	30,000	32,009	2,009	-	11,174	11,174
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental	10,000	20,139	10,139	351,784	351,784	-
Investment Income	-	-	-	-	-	-
Lease/Rental Income	-	-	-	-	-	-
Other	-	44,812	44,812	-	-	-
Total Revenue	\$ 202,351	\$ 283,777	\$ 81,426	\$ 351,784	\$ 362,958	\$ 11,174
Expenditures:						
Current:						
General Government:						
Legislative & Executive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Conservation & Agriculture	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital Outlay	-	-	-	2,700,803	2,673,484	27,319
Debt Service:						
Principal Retirement	62,967	62,967	-	-	-	-
Interest and Fiscal Charges	62,674	60,736	1,938	-	-	-
Total Expenditures	\$ 125,641	\$ 123,703	\$ 1,938	\$ 2,700,803	\$ 2,673,484	\$ 27,319
Excess Revenue Over (Under) Expenditures	\$ 76,710	\$ 160,074	\$ 83,364	\$ (2,349,019)	\$ (2,310,526)	\$ 38,493
Other Financing Sources (Uses):						
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	-	-	-	-	-	-
Proceeds of Notes	-	-	-	4,624,694	4,624,694	-
Advances-In	-	-	-	-	-	-
Advances-Out	-	-	-	-	-	-
Operating Transfers-In	-	-	-	-	-	-
Operating Transfers-Out	-	-	-	-	-	-
Total Other Financing Sources(Uses)	\$ -	\$ -	\$ -	\$ 4,624,694	\$ 4,624,694	\$ -
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 76,710	\$ 160,074	\$ 83,364	\$ 2,275,675	\$ 2,314,168	\$ 38,493
Fund Balance at Beginning of Year	\$ 154,764	\$ 154,764	\$ -	\$ 697,533	\$ 697,533	\$ -
Prior Year Encumbrances Appropriated	-	-	-	-	-	-
Fund Balance at End of Year	\$ 231,474	\$ 314,838	\$ 83,364	\$ 2,973,208	\$ 3,011,701	\$ 38,493

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

COSHOCTON COUNTY, OHIO

**Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended December 31, 2001**

	<u>Internal Service</u>
<u>Operating Revenues:</u>	
Charges for Services	\$ 3,461,866
Other Operating Revenues	<u>209,322</u>
Total Revenues	<u>3,671,188</u>
<u>Operating Expenses:</u>	
Personal Services	\$ 1,331,877
Materials and Supplies	40,508
Contractual Services	312,107
Claims and Judgments	1,471,313
Depreciation	18,724
Other	<u>22,811</u>
Total Operating Expenses	3,197,340
Operating Income	473,848
<u>Non-Operating Expenses</u>	
Loss on Disposal of Fixed Assets	<u>(17,862)</u>
Net Income	455,986
Retained Earnings (Deficit) at Beginning of Year	<u>(193,407)</u>
Retained earnings at End of Year	<u><u>\$ 262,579</u></u>

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

COSHOCTON COUNTY, OHIO
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2001

	Internal Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
Cash Flow from Operating Activities:	
Cash Received from City	\$ 1,373,236
Cash Received from Quasi-External Transactions with Other Funds	2,088,630
Other Cash Receipts	69,354
Cash Paid to Suppliers for Goods and Services	(346,655)
Cash Paid to Employees	(1,326,081)
Other Cash Payments	(26,344)
Cash Payment for Claims	(1,693,432)
Net Cash Provided by Operating Activities	\$ 138,708
<u>Cash Flow from Capital and Related Financing Activities:</u>	
Sale/Purchase of Fixed Assets	\$ (22,155)
<u>Cash Flow from Investing Activities:</u>	
Sale/Purchase of Fixed Assets	\$ 18,854
Net Increase in Cash and Cash Equivalents	\$ 135,407
Cash and Cash Equivalents at Beginning of Year	46,985
Cash and Cash Equivalents at End of Year	\$ 182,392
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Net Income	\$ 461,946
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:	
Increase in Depreciation Expense	18,724
Disposal of Fixed Assets	17,862
Increase in Revenue due to Purchase of Fixed Assets by Agency	(41,507)
Decrease in Accounts Payable	(2,168)
Decrease in Claims and Judgments Payable	(222,119)
Decrease in Accrued Wages and Benefits Payable	(6,146)
Increase in Compensated Absences	11,942
Decrease in Due to Other Funds	(1,365)
Increase in Accounts Payable	(98,461)
Net Cash Provided by Operating Activities	\$ 138,708

The Notes to the General Purpose Financial Statements are an integral part of this Statement.

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Coshocton County (the County) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The County was formed by the Ohio State Legislature in 1811. The County is governed by a three-member Board of Commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County.

The County Auditor serves as fiscal officer for the County and the tax assessor for all political subdivisions within the County. The County Treasurer is required by Ohio law to collect locally assessed taxes. As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County Treasury. Other elected officials include the Prosecutor, Engineer, Recorder, Sheriff, Coroner, Clerk of Courts, and Common Pleas Judges.

A. Reporting Entity:

The reporting entity consists of the primary government, component units, and other organizations that are included to ensure that the general purpose financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Mental Retardation and Developmental Disabilities, the Job and Family Services Department, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes or the issuance of debt.

The component unit column in the combined general purpose financial statements identify the financial data of the Coshocton County Regional Airport Authority and Hopewell Industries, Inc. They are discretely reported to emphasize that they are legally separate from the County.

Coshocton County Airport Authority is a legally separate regional airport authority established pursuant to section 308.03 of the Revised Code, for the purpose of acquiring, constructing, operating, and maintaining an airport and airport facility, in and for Coshocton County. Coshocton County Commissioners appoint a voting majority of the Board and the County has a financial benefit/burden relationship with the Authority.

Hopewell Industries, Inc., is a legally separate, not-for-profit corporation, served by a self-

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

supporting board of trustees. The workshop, under a contractual agreement with the Coshocton County Board of Mental Retardation and Developmental Disabilities (Board of MRDD), provides sheltered employment for mentally retarded or disabled adults in Coshocton County. The Coshocton County Board of MRDD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and workshop's sole purpose of providing assistance to the retarded and disabled adults of Coshocton County, the workshop is considered a component unit of the County.

The following potential component units have been excluded from the County's general purpose financial statements because the County is not financially accountable for these organizations nor does the County approve the budgets, issuances of debt, or levying of taxes for these entities.

Coshocton County Public Library and Museum is statutorily created as a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the Board of Library trustees has determined that a new levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may not issue debt. The County may provide facilities for the Library through the issuance of debt if the voters agree. The Library's operations are not included as part of the County's general purpose financial statements.

Coshocton County Board of Education is separately elected by the voters of Coshocton County and controls its own operations and budget. The Board of Education is legally separate and the County is not financially accountable to the Board. The Board of Education is responsible for reporting its financial activity to the Ohio Department of Education and the Auditor of State of Ohio. The Board's operations are not included as part of the County's general purpose financial statements.

Coshocton County Memorial Hospital Association is a legally separate, not-for-profit organization. The County officials appoint the Association's Board, however, the County cannot impose its will on the Board. Although the County does serve as the taxing authority for the Association, tax levies approved or rejected in the past would not significantly affect operations of the Association. The Association's operations are not included as part of the County's general purpose financial statements.

Coshocton County Convention and Visitors Bureau is a legally separate, not-for-profit corporation. The Bureau was created to promote, develop and encourage interest in tourist attractions in Coshocton County and to promote and encourage the County as a location for meetings and conventions of various organizations throughout the Ohio area. The Bureau

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

is governed by a twelve-member board which is appointed by the Coshocton County Commissioners. The Board hires and fires personnel and approves their own budget. The Bureau is not fiscally dependent on the County. The Bureau's operations are not included as part of the County's general purpose financial statements.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Coshocton County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Coshocton County General Health District is governed by the Board of Health. The board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. The Board has sole budgetary authority and controls surpluses and deficits. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's Debt.

Coshocton County Law Library is operated by a nonprofit association organized under State Statute. State Statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for use as a county law library. The County Commissioners are not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collects monies paid by the courts for payment to the board of trustees of the law library association.

Coshocton City and County Park District is a legally separate organization created pursuant to section 1545.01, Revised Code. The County cannot impose its will on the District and a financial benefit/burden relationship does not exist.

Coshocton County Regional Planning Commission is a legally separate organization created pursuant to section 713.23, Revised Code. The appointed members of the board adopt their own budget, hire and fire staff, and do not rely on the County to finance deficits.

The County is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 16.

Solid Waste District

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

Muskingum Area Board of Alcohol, Drug Addiction and Mental Health Services
(ADAMH)

County Risk Sharing Authority (CORSA)

Ohio Mid-Eastern Governments Association (OMEGA)

Area Office on Aging

The County is associated with the following organizations which are defined as related organizations. Additional information concerning these related organizations is presented in Note 17.

Coshocoton Metropolitan Housing Authority
Coshocoton City and County Park District

B. Fund Accounting:

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the County's governmental fund types:

The general fund is used to account for all financial resources of the County except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

expenditure for specified purposes.

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types:

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Internal Service Funds are the County's only proprietary fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Fund Types:

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

Expendable trust fund is accounted for in essentially the same manner as governmental funds.

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

The general long-term obligations account group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these general purpose financial statements are summarized below. Management believes these policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Information in the notes to the general purpose financial statement relates in general to the primary government. Information related to the operation of Coshocoton County Airport Authority and Hopewell Industries are specifically identified.

A. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that uses Proprietary Fund Accounting", the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the County required no change from prior years.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. A proprietary fund-type operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is sixty days after year end.

The component units each have only one fund and account for operations on a modified accrual basis similar to the governmental funds of the County.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax, federal and

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

state grants and subventions, and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits, and fines and forfeitures, which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Property taxes measurable as of December 31, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2002 operations have been recorded as a receivable and deferred revenue. The current and delinquent portion of special assessments have also been recorded as a receivable and deferred revenue. Reimbursements to the State from the Child Support and Enforcement Administration fund and Public Assistance fund for overpayments during fiscal year 2001 are also recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than on expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund is reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

B. Budgetary Process:

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, legally are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund, program, and department. Budgetary modifications may only be made by resolution of the County Commissioners.

The County did not budget for the Children's Services Bequest Funds, which are expendable trust funds, due to the County not anticipating any financial activity. Budgetary information for Coshocton

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

County Airport Authority and Hopewell Industries (component units) is not reported because it is not included in the entity for which "the appropriated budget" is adopted.

Tax Budget:

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources:

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of the previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, program, department, and object levels. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances:

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the budget and actual basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

C. Cash and Cash Equivalents:

Cash balances of the County's funds, except cash held by a trustee or fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Investments, including deferred compensation, are stated at fair value, which is the value that could be obtained in an open market. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less are considered to be cash equivalents. The County has segregated bank accounts for monies held separate from the County's central bank account. These interest-bearing deposit accounts and checking accounts are presented in the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County Treasury. The component unit money is also presented as "Cash and Cash Equivalents in Segregated Accounts". Under existing Ohio statutes, all investment earnings accrue to the general fund unless statutorily required to be credited to a specific fund. Interest income earned in 2001 totaled \$743,066 for the primary government and \$17,866 for the component units. The types of investments made in the name of Coshocton County during 2001 are as follows: Repurchase Agreements, Star Ohio, Certificates of Deposit, Federal National Mortgage Discount Note and US Treasury Note.

D. Inventory of Supplies:

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory of Coshocton County Airport Authority and Hopewell Industries (component units) is stated at cost.

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E. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment, and an expenditure/expense is reported in the year in which services are consumed.

F. Interfund Assets and Liabilities:

Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables."

Amounts owed to a particular fund by another fund in the County for goods or services rendered, and amounts to be distributed by agency funds to other funds of the County, are classified as "due from other funds/due to other funds."

G. Property, Plant, Equipment and Depreciation:

1. General Fixed Assets Account Group

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost in the general fixed assets account group.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

2. Internal Service Fund Fixed Assets

Fixed assets reflected in the internal service fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year.

Depreciation has been provided on a straight-line basis over the following estimated useful lives:

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<u>Description</u>	<u>Estimated Lives</u>
Vehicles	5 years
Equipment, Furniture and Fixtures	5-7 years

3. Component Units Fixed Assets

Fixed assets of the Airport Authority are reflected at historical cost basis and are updated for the cost of additions and retirements during the year. No depreciation is reflected in these numbers.

Fixed assets of the Hopewell Workshop are reflected at historical cost less depreciation and are updated for additions and retirements of assets during the year. Depreciation is based on a straight-line basis over the estimated life of the asset. Estimated life is determined by the production manager at the time of purchase and may vary between 1 to 15 years.

4. Valuation

Fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The Coshocoton County Airport Authority and Hopewell Industries (component units) fixed asset values were determined at original acquisition costs when purchased.

H. Compensated Absences:

Codification of Governmental Accounting and Financial Reporting Standards, Section C60 (NCGA Statement Number 4 and GASB Statement Number 16) specifies that a liability should be accrued for leave benefits that meet the following conditions:

1. The employer's obligation relating to employees' rights to receive compensation for future absences is attributed to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate. Payment of the compensation is probable.
3. The amount can be reasonably estimated.

For governmental funds, the County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for eligible employees in the period the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources.

These amounts are recorded in the account "compensated absences payable" in the fund from which

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the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

In the proprietary fund, compensated absences are expensed when earned, and the entire amount of compensated absences is reported as a fund liability.

I. Intergovernmental Revenues:

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as receivables and revenues when measurable and available.

Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

J. Long-term Obligations:

Long-term obligations are recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Reserves of Fund Equity:

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriations for expenditures. Undesignated fund balance indicates the portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, prepaids, and inventory.

L. Interfund Transactions:

During the course of normal operations, the County makes numerous transactions between funds. The most significant include operating transfers, residual equity transfers and reimbursements.

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Nonrecurring or non-routine transfers of equity between funds are recorded as residual

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equity transfers.

3. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
4. Quasi-external transactions are accounted for as revenues, expenditures, or expenses.

M. Total Columns on General Purpose Financial Statements:

Total Columns on the general purpose financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns neither present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates Component Units are included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units. The total columns on the statements which do not include component units have no additional caption.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenue, Expenses, and Changes in Fund Equity, budget (Non-GAAP) and Actual, All Proprietary Fund Types - Primary Government are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statutes. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure for the proprietary fund types (GAAP).

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4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$171,466	(\$701,764)	\$159,699	\$3,197,531
Net Revenue				
Adjustment	116,459	245,999	375	425,689
Operating				
Advances In	66,674	56,674	--	--
Net Expenditure				
Adjustment	(487,163)	(1,572,052)	-	(1,309,052)
Operating				
Advances Out	(56,674)	(56,674)	--	--
Budgetary Basis	<u>(\$189,238)</u>	<u>(\$2,027,817)</u>	<u>\$160,074</u>	<u>\$2,314,168</u>

NOTE 4- DEPOSITS AND INVESTMENTS

A. Primary Government Legal Requirements:

Statutes require the classification of County monies into two categories.

The first classification consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demands upon the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second classification consists of "inactive" monies. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which

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the faith of the United States is pledged for the payment of principal and interest;

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, including, but not limited to, federal national mortgage association debentures and discount notes, or by the Export-Import bank of Washington, whether or not they are guaranteed by the United States;
3. Repurchase agreements in the securities enumerated above;
4. Time certificates of deposit, savings or deposit accounts;
5. Bonds and other obligations of the State of Ohio, its political subdivision, or other units or agencies of the State or its political subdivisions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counter party is a designated depository of the County for the current period of designation of depositories, in which case the securities may be held in trust by the depository. At the end of each day, the County Treasurer withdraws surplus funds from the account and invests the monies in an overnight repurchase agreement. The County does not purchase any specific security in this manner, but the investment is collateralized by pledged securities held by a third party in the name of the bank.

New legislation, effective September 27, 1996, now permits inactive monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed 10 percent of the County's total average portfolio;

The County maintains a cash and investment pool used by most of its funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents with Treasurer."

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a& of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

Protection of the County's cash and investments is provided by the Federal Deposit Insurance Corporation, Securities Investors Protection Corporation, as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits:

At December 31, 2001, the carrying amount of the County's deposits was \$ 3,319,636, and the bank balance was \$ 4,934,166. Of the bank balance:

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1. \$ 878,757 was covered by Federal Depository Insurance;
2. \$ 4,055,409 was uninsured and uncollateralized. However, the \$ 4,055,409, was covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with the specific depository institution. The \$ 4,055,409 is considered to be uncollateralized as defined in GASB Statement No. 3, as the collateral is held by the counter party's agent and is not in the County's name. This pooling of collateral approach is specifically authorized by state statute.

Investments:

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the County's name.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>1</u>	Category <u>2</u>	<u>3</u>	Carrying <u>Value</u>	Market <u>Value</u>
U.S. Government					
Notes/Bills			\$1,880,410	\$1,880,410	\$1,897,268
Repurchase Agreements			1,513,690	1,513,690	1,513,690
Investment in State					
Treasurer's					
Investment Pool				<u>6,992,049</u>	<u>6,992,049</u>
Total Investments			<u>\$3,394,100</u>	<u>\$10,386,149</u>	<u>\$10,403,007</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	
	<u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$10,311,685	\$3,410,958
Investments:		

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State Treasurer's Investment Pool	<u>(6,992,049)</u>	<u>6,992,049</u>
GASB Statement No. 3	<u>\$3,319,636</u>	<u>\$10,403,007</u>

B. Component Units

At year end, the carrying amount of deposits for Hopewell Industries was \$298,319 and the Airport Authority was \$111,739. The bank balance for Hopewell Industries was \$301,045 and the Airport Authority was \$111,739.

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last valuation was completed in 1997. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Public utility property taxed are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

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NOTE 6- PERMISSIVE SALES AND USE TAX

In 1971, the County Commissioners by resolution imposed a one-half percent tax on all retail sales made in the County. In 1984, the County Commissioners by resolution imposed an additional one-half percent tax on all retail sales made in the County. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund. Amounts held by the State at year-end and to be received within the available period are accrued as revenue. Sales tax revenue in 2001 amounted to \$2,470,235 with the entire amount credited to the General Fund.

NOTE 7- RECEIVABLES

Receivables as of December 31, 2001 consisted of taxes, interest, special assessments, accounts and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of the principal items of intergovernmental receivables (due from other governments) follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
GENERAL FUND	
Local Government State Support	\$58,692
Public Defender Reimbursement	14,366
Acting Judge Reimbursement	4,402
Municipal Court Fines	<u>5,495</u>
Total General Fund	<u>\$82,955</u>
SPECIAL REVENUE FUNDS	
Dog & Kennel Fines	\$ 70
<u>Intergovernmental Receivables</u>	<u>Amount</u>
Motor Vehicle License Tax	60,852
Permissive Motor Vehicle License Tax	18,499
Gasoline Tax	77,003
ODOT Grant	800,00
Municipal Court Fines	3,767
ADC Incentives	44
CAFS Reimbursement	54,755
RSC Reimbursement	455

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Title VI Reimbursement	9,167
Child Abuse Prevention Reimbursement	254
Child Care IV-E FCM Reimbursement	36,384
Independent Living Reimbursement	1,379
Foster Parent Training Reimbursement	475
Title IV-E Adm & Training Reimbursement	12,982
Child Care IV-E FCM Reimbursement	13,209
PASSS	1,290
Appalachian Grant	158,000
Small Cities Formula Grant	68,500
CHIP Grant	159,276
Law Enforcement Education Fines	<u>370</u>
Total Special Revenue Funds	<u>\$1,476,783</u>
DEBT SERVICE FUNDS	
Water Surcharge	<u>\$ 2,125</u>
CAPITAL PROJECT FUNDS	
Water Surcharge	<u>\$ 789</u>
AGENCY FUNDS	
State Reimbursement for Real Estate Tax Rollbacks	<u>\$2,017,190</u>
COMPONENT UNITS	
Federal Grant for Airport	<u>\$92,864</u>
TOTAL ALL FUNDS	<u><u>\$3,672,706</u></u>

NOTE 8-FIXED ASSETS

For the year ended December 31, 2000, the threshold for reporting of capitalized fixed assets was increased from \$500 per unit to \$2,000 per unit. Also, corrections to include assets not previously reported required the following restatement of general and internal service fund fixed asset balances:

General Fixed Assets Account Group

	Previously Stated Balance at <u>December 31, 2000</u>	<u>Adjustments</u>	Restated Balance at <u>December 31, 2000</u>
Land and Buildings	\$11,172,442	716,117	\$11,888,559
Machinery and Equipment	3,917,994	(776,288)	3,141,706
Vehicles	<u>2,305,716</u>	<u>15,443</u>	<u>2,321,159</u>
 Total	 <u>\$17,396,152</u>	 <u>(44,728)</u>	 <u>\$17,351,424</u>

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A summary of the changes in general fixed assets during 2001 follows:

	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
Land and Buildings	\$11,888,559	\$ 496,188	\$ 18,322	\$12,366,425
Machinery and Equipment	3,141,706	392,272	32,977	3,501,001
Vehicles	<u>2,321,159</u>	<u>391,262</u>	<u>208,645</u>	<u>2,503,776</u>
Total	<u>\$17,351,424</u>	<u>\$1,279,722</u>	<u>\$259,944</u>	<u>\$18,371,202</u>

Proprietary Funds

	<u>Previously Stated</u> <u>Balance at</u> <u>December 31, 2000</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance at</u> <u>December 31, 2000</u>
Machinery and Equipment	\$24,633	(\$16,380)	\$ 8,253
Vehicles	<u>134,244</u>	<u>0</u>	<u>134,244</u>
Total	\$158,877	(\$16,380)	\$142,497
Less: Accumulated Depreciation	<u>(82,649)</u>	<u>10,420</u>	<u>(72,229)</u>
Total	<u>\$76,228</u>	<u>(\$ 5,960)</u>	<u>\$ 70,268</u>

A summary of proprietary funds fixed assets at December 31, 2001 follows:

	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
Machinery and Equipment	\$ 8,253	22,155	0	\$30,408
Vehicles	<u>134,244</u>	<u>41,507</u>	<u>40,900</u>	<u>134,851</u>
Total	\$142,497	63,662	40,900	\$165,259
Less: Accumulated Depreciation	<u>(72,229)</u>	<u>(18,724)</u>	<u>23,038</u>	<u>(67,915)</u>
Net Fixed Assets	<u>\$ 70,268</u>	<u>\$44,938</u>	<u>\$17,862</u>	<u>\$97,344</u>

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NOTE 9- RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk. CORSA, a nonprofit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime coverage for its members. CORSA was established May 12, 1987, and has grown to fifty-one members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each occurrence and \$1,000,000 aggregate, with a \$2,500 deductible per occurrence. Property damage is on a replacement cost basis for a blanket amount of \$82,256,124 on buildings and contents. Boiler and machinery are covered in the amount of \$100,000,000 for extended comprehensive coverage. The County has not exceeded this commercial coverage in the past three years. Replacement cost coverage is maintained in the amount of \$1,000,000 each on valuable papers and extra expenses. Contractors' equipment and miscellaneous equipment are covered in the amounts of \$1,411,906 and \$1,570,000, respectively. Flood and earthquake damage are both covered to full limits.

With the exception of workers' compensation, health insurance and all elected officials' bonds, all coverage is held with CORSA. The County maintains crime coverage on its food stamp program, its monies and securities, and potential employee dishonesty. Crime coverage is held in the amount of \$250,000.

The County has elected to provide employees' major medical and hospitalization through a self-insured program. The County maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a major medical plan with a \$250 single and \$500 family deductible. A third party administrator, Cardinal Administrative Services, located in Canton, OH, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$75,000 per employee per year and an aggregate annual limit of \$1,000,000. The County provides \$787 family coverage, \$307 single coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

The claims liability of \$23,214 reported in the fund at December 31, 2001, was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Financial information relating to the fund's claims liability in 2000 and 2001 includes:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Payments</u>	<u>Claim</u>	<u>Balance at End of Year</u>
2000	\$134,836	1,507,968		1,397,471	\$245,333
2001	\$245,333	1,762,745		1,984,864	\$ 23,214

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

NOTE 10- RETIREMENT PLANS

A. Public Employees Retirement System (PERS):

1. Public Employees Retirement System of Ohio is a cost-sharing multiple-employer defined benefit pension plan.
2. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
3. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.
4. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).
5. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. The 2001 employer contribution rate for state employers was 13.31% of covered payroll. For local government employer units the rate was 13.55% of covered payroll. The 2001 employer contribution rate for both the law enforcement and public safety divisions was 16.7% of covered payroll.
6. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

The County's contributions for pension obligations to PERS for the years ended December 31, 2001, 2000, and 1999 were \$1,051,856, \$746,574, and \$1,000,045 respectively; 75 percent has been contributed for 2001 and 100 percent for 2000 and 1999. \$262,964, representing the unpaid contribution for 2001, is recorded as a liability within the respective funds (and the general long-term obligations account group).

B. State Teachers Retirement System (STRS):

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary, and the County is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Four and one-half percent of the 14 percent employer rate was allocated for post-employment health care for the fiscal year ended June 30, 2001. The County's contributions for pension obligations to STRS for the years ended December 31, 2001, 2000, and 1999 were \$43,397, \$37,819, and \$53,690 respectively; 92 percent has been contributed for 2001 and 100 percent for the years 2000 and 1999. \$3,792, representing the unpaid contribution for 2001, is recorded as a liability within the respective funds.

NOTE 11- POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS):

1. Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2001 employer contribution rate for state employers was 13.31% of covered payroll; 4.3% was the portion used to fund health care for the year. For local government employer units the rate was 13.55% of covered payroll; 4.3% was the portion used to fund health care for the year. The 2001 employer rate was 16.7% and 4.3% was used to fund health care for both the law enforcement and public safety divisions.

2. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

3. Summary of Assumptions:

Actuarial Review. The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2000.

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2000 was 7.75%.

Active Employee Total Payroll. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

Health Care. Health care costs were assumed to increase 4.75% annually.

4. OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:
 - a. The number of active contributing participants was 411,076.
 - b. The rates stated in A, 1 are the actuarially determined contribution requirements for PERS. The County's actual contributions for 2001 which were used to fund OPEB were \$460,668.
 - c. \$11,735.9 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000.
 - d. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.
5. Legislative changes separated the law enforcement division.

In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continue to contribute at 9.0%. The employer contribution rate for both the law enforcement and public safety divisions is 16.7%.

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Law enforcement officer benefits permit age and service retirement at an earlier age with a different formula than for PERS members not covered under this division.

- B. Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. During 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County this amount equaled \$22,451 during 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$369,354,000. There were 102,132 eligible benefit recipients.

NOTE 12- OTHER EMPLOYER BENEFITS

Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the County. Accumulated, unused sick leave and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy. As of December 31, 2001, the liability for compensated absences was \$848,240 for the entire County.

NOTE 13- CAPITAL LEASES - LESSEE DISCLOSURE

In 1998 the County entered into capitalized leases for two mail processing machines. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds. Equipment acquired by lease in 1998 has been capitalized in the general fixed asset account group in the amount of \$40,254. A corresponding liability was recorded in the general long-term debt account group. Principal payments in 2001 totaled \$9,955. The capital lease will be paid from General Fund and Special Revenue Fund revenues.

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

Future minimum lease payments through 2002 are as follows:

<u>Year</u>	<u>Amount</u>
2002	<u>8,997</u>
Total	<u>\$ 8,997</u>
Less amount representing interest	<u>(234)</u>
Present Value of Minimum Lease Payments	<u>\$ 8,763</u>

NOTE 14- LONG-TERM OBLIGATIONS

The County's long-term obligations at year end consist of the following:

	<u>Outstanding 12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/01</u>
General Long-Term Debt:				
Series 12/1990 7.3% Human Services Bldg. Bond	\$615,000	\$0	\$40,000	\$575,000
Series 1/1996 6.4% Water Line Bond	190,000	0	10,000	180,000
Series 4/1996 5.7% Hopewell Heating/Cooling Bond	66,600	0	11,100	55,500
Series 10/1999 6.3% Co. Garage Bond	965,000	0	30,000	935,000
Series 10/1999 6.0% Energy Mgmt System	477,566	0	41,406	436,160
Series 04/2001 5.5% Various Purpose Note	0	4,550,000	0	4,550,000
Series 09/2001 0.0% OPW Note	<u>0</u>	<u>74,694</u>	<u>1,867</u>	<u>72,827</u>
Total General Long-Term Debt	<u>\$2,314,166</u>	<u>\$4,624,694</u>	<u>\$134,373</u>	<u>\$6,804,487</u>
Capital Leases:				
General Fund:				
Equipment Acquisition	9,060	0	4,818	4,242
Human Services Fund:				
Equipment Acquisition	<u>9,659</u>	<u>0</u>	<u>5,137</u>	<u>4,522</u>
Total Capital Leases	<u>\$ 18,719</u>	<u>0</u>	<u>\$ 9,955</u>	<u>\$ 8,764</u>

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

	Outstanding <u>12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>12/31/01</u>
Accrued Wages & Benefits	<u>\$186,400</u>	<u>\$131,711</u>	<u>0</u>	<u>\$318,111</u>
Compensated Absences:				
Accrued Vacation	324,313	58,887	0	383,200
Sick Leave	<u>260,131</u>	<u>46,960</u>	<u>0</u>	<u>307,091</u>
Total Compensated Absences	<u>584,444</u>	<u>105,847</u>	<u>0</u>	<u>690,291</u>
Total Long-Term Obligations	<u>\$3,103,729</u>	<u>\$4,862,252</u>	<u>\$144,328</u>	<u>\$7,821,653</u>

Amortization schedule for debt obligations, including interest of \$4,654,771:

<u>Years Ended December 31</u>	
2002	520,835
2003	515,219
2004	514,448
2005	513,403
2006	511,956
Thereafter	<u>8,883,403</u>
Total	<u>\$11,459,264</u>

Compensated absences are reported in the Compensated Absences Payable account and will be paid from the fund from which the employee is paid. Accrued wages and benefits are reported in the Accrued Wages and Benefits Payable account and will be paid from the fund from which the employee is paid.

Payment for bonds issued for construction of the Human Services Building will be completed in December 2016. Payment for bonds issued for construction of the South Tuscarawas Water Line will be completed in December 2013. Payment for notes issued for updating the heating and cooling system at Hopewell School will be completed in April 2006. Payment for bonds issued for construction of the County Engineer's Garage will be completed in December 2019. Payment for notes issued for updating energy saving equipment will be completed in September 2009. Payment for not issued from Ohio Public Works Commission will be completed in 2021. Bond anticipation various purpose note will be converted to bonds in April 2002.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

**FINANCIAL CONDITION
COSHOCOTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

The effects of the debt limitations described above at December 31, 2001, are an overall debt margin of \$10,625,662; and an unvoted debt margin of \$1,976,475.

NOTE 15- INTERFUND TRANSACTIONS

Interfund balances at December 31, 2001, consist of the following individual fund receivables and payables:

<u>Due from/Due to Other Funds</u>	<u>Recipient</u>	<u>Payer</u>
General Fund	\$40,539	\$ 0
Special Revenue Funds:		
Public Assistance	737	1,233
Children Service	0	11,922
Youth Services	0	737
CSEA	0	15,195
Litter	0	330
Law Enforcement Trust	0	1,859
Agency:		
Park District	<u>0</u>	<u>10,000</u>
TOTAL DUE FROM/DUE TO OTHER FUNDS	<u><u>\$41,276</u></u>	<u><u>\$41,276</u></u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Solid Waste District

The County is a member of the Coshocot, Fairfield, Licking, and Perry Solid Waste District, which is a jointly governed organization. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. A twelve-member board of directors, consisting of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the Licking County Auditor. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. No contributions were made by the County in 2001 and no future contributions by the County are anticipated. A twenty-nine-member policy committee, consisting of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

B. Muskingum Area Board of Alcohol, Drug Addiction, and Mental Health Services - ADAMH

The ADAMH Board is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble counties. The board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by a seventeen-member board of trustees; two appointed by the Coshocton County Commissioners, seven appointed by the commissioners of the other participating counties, three by the director of the State Department of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting and designating management.

During 2001, Coshocton County contributed \$506,407 from levy proceeds. Additional revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's participation and no equity interest exists. The Board has no outstanding debt.

C. County Risk Sharing Authority (CORSA):

County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among forty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have any equity interest in CORSA. The County's payment for insurance to CORSA in 2001 was \$184,442.

D. Ohio Mideastern Governments Association (OMEGA)

Ohio Mideastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA consists of Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties.

**FINANCIAL CONDITION
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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OMEGA's governing board consists of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an Executive Director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

The continued existence of the Association is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt.

E. Area Office on Aging

The Area Office on Aging is a regional council of governments that assists nine counties, including Coshocton County, in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors consisting of one representative appointed by each participating County. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. The Council has no outstanding debt.

NOTE 17- RELATED ORGANIZATIONS

The Coshocton Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five-member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

Coshocton City and County Park District is a legally separate organization created pursuant section 1545.01, Revised Code. The County cannot impose its will on the District and a financial benefit/burden relationship does not exist. State Statute provides that the County Auditor and Treasurer are ex-officio members of the Park District Board of Commissioners and designates the County Auditor as fiscal officer of the commission. Neither do the County Commissioners have the ability to significantly influence operations, designate management, approve budgets, nor does the County have responsibility for funding deficits. The County maintains an agency fund for the District's operation since the County Auditor serves as fiscal agent for the District.

NOTE 18 - RELATED PARTY TRANSACTIONS

Hopewell Industries, Inc., is a discretely presented component unit of Coshocton County. Hopewell Industries, Inc. received contributions in the amount of \$286,820 during 2001, from the County for facilities,

**FINANCIAL CONDITION
COSHOCTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. The Coshocton County Board of Mental Retardation and Developmental Disabilities expended \$88,014 in the operation of Hopewell Industries Inc. during 2001.

Coshocton County Airport Authority is a discretely presented component unit of Coshocton County. During 2001, the County Airport Authority received an operating transfer from the County in the amount of \$55,000.

NOTE 19 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

The County is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The County's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material, if any, affect on the financial condition of the County.

NOTE 20 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 21 - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year ended December 31, 2001, the county has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues".

**FINANCIAL CONDITION
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
(Passed through State Department of Development)				
Community Development Block Grant	B-F-98-016-1	14.228	\$ -	\$ 23,457
	B-C-99-016-1		21,000	31,000
	B-F-99-016-01		-	52,074
	B-F-00-016-01		99,000	69,000
	B-F-01-016-01		100,800	100,800
	B-C-01-016-01		75,834	56,600
			<u>296,634</u>	<u>332,931</u>
(Direct from U.S. Department of Housing and Urban Development)				
HOME Investment Partnership Program	B-C-99-016-2	14.239	\$ 43,491	\$ 43,491
	B-C-01-016-2		5,000	5,000
			<u>48,491</u>	<u>48,491</u>
Total U.S. Department of Housing and Urban Development			345,125	381,422
<u>U.S. DEPARTMENT OF LABOR:</u>				
Pass through Ohio Department of JFS				
Workforce Improvement Act	n/a	17.255	409,393	449,123
Total U.S. Department of Labor			409,393	449,123
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Pass through Ohio Department of Transportation				
Highway Planning and Construction	PID 20049	20.205	488,075	488,075
Airport Improvement Program	3-39-0028-0101	20.106	69,750	69,750
Total U.S. Department of Transportation			557,825	557,825
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
(Passed through Ohio Department of Justice)				
Juvenile Justice	n/a	16.540	-	11,816
Bullet Proof Vest Program	n/a	16.607	3,637	3,637
Cops in Schools	2000HWX0416	16.710	83,331	83,331
Total U.S. Department of Justice			86,968	98,784
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
(Pass through State Department of Mental Retardation and Development Disabilities)				
Title XIX Medical Assistance Program - CAFS	n/a	93.778	854,059	854,059
Title XX - Social Services Block Grant	n/a	93.667	30,468	30,468
	n/a		11,072	11,072
			<u>41,540</u>	<u>41,540</u>
Total U.S. Department of Health and Human Services			895,599	895,599
<u>U.S. DEPARTMENT OF EDUCATION:</u>				
(Passed through State Department of Education)				
<u>Special Education Cluster</u>				
Title VI-B Flow Thru	065938-GBSF-02P	84.027	9,583	9,583
	065938-GBSF-01P		7,553	7,553
Handicapped Preschool Grant	065938-PG-S1-02P	84.173	18,391	18,391
			35,527	35,527
Early Intervention Grant	16103FAN0001	84.181	85,871	65,021
			85,871	65,021
Title VI	065938-C2-S1-01	84.298	1,056	1,056
Total U.S. Department of Education			122,454	101,604
APPALACHIAN REGION COMMISSION				
ARC	A-00-016-1	23.001	150,000	74,240
Total Appalachian Region Commission			150,000	74,240
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Emergency Management Performance Grant	n/a	83.552	20,544	20,544
Total Federal Emergency Management Agency			20,544	20,544
Total Federal Awards Expenditures			<u>\$ 2,587,908</u>	<u>\$ 2,579,141</u>

See notes to Schedule of Federal Awards Expenditures.

**FINANCIAL CONDITION
COSHOCKTON COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – U.S. Department of Education Programs

Federal funds were commingled with other revenues. A first in – first out (FIFO) method was used to arrive at grant expenditures.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Coshocton County
349 Main Street
Coshocton, Ohio 43812

We have audited the general-purpose financial statements of Coshocton County as of and for the year ended December 31, 2001, and have issued our report thereon dated January 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coshocton County's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Coshocton County in a separate letter dated January 2, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coshocton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Coshocton County in a separate letter dated January 2, 2003.

Coshocton County
Report on Compliance and on Internal Control Over Financial Reporting
Page two

This report is intended for the information of the Board of County Commissioners, the Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 2, 2003

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners
Coshocton County
349 Main Street
Coshocton, Ohio 43812

Compliance

We have audited the compliance of Coshocton County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. Coshocton County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coshocton County management. Our responsibility is to express an opinion on Coshocton County compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coshocton County compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coshocton County compliance with those requirements.

In our opinion, Coshocton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2001-1 through 2001-5.

Internal Control Over Compliance

The management of Coshocton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Coshocton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of County Commissioners, the Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 2, 2003

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505**

**FINANCIAL CONDITION
COSHOCOTON COUNTY
DECEMBER 31, 2001**

1. AUDITOR’S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs’ Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (List):	Title XIX - CAFS #93.778 Workforce Imp Act #17.255
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING 2001-1, Community Development Block Grant, CFDA # 14.228, Cash Management compliance. Drawdowns should be limited to amounts that will enable the County to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of funds. OCHP Handbook, Section (A) (3) (f). Management should watch disbursements of federal funds to maintain compliance with requirement.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505 (CONTINUED)**

**FINANCIAL CONDITION
COSHOCOTON COUNTY
December 31, 2001**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2001-2:

Cash Management

The county's cash management system does not minimize the time elapsing between cash drawdowns and disbursements as required by the Uniform Administrative Requirements at 29 CFR 97.20 and .21. The county is following the prescribed state system that has been used by the county's health and human services for years. Although the county is not in compliance with the above referenced provisions of law, they cannot implement corrective measures until the state system is updated.

Finding 2001-3

Reporting

The county's financial management system does not provide for the tracking and reporting of obligations, expenditures, program income and stand-in costs on a accrual basis by year of appropriation as required by WIA regulations at 667.300. The county is following the prescribed state financial management system that has been used by the county's health and human services for many years. Although the county is not in compliance with the above referenced sections of the regulations, they cannot implement corrective measures until the State system has been updated.

Finding 2001-4

Procurement

During the course of our monitoring, an analysis of awarding procedures and a review of subrecipient (WIA) contracts was conducted. It was determined that documentation pertaining to the awarding of subrecipients contracts does not meet the requirements set forth in OMB Circular 29 CFR 97.36(b)(9). The respective agencies must develop procurement policies and systems which will ensure future solicitation procedures to meet requirements.

Finding 2001-5

Subrecipient Monitoring

In reviewing procedures for oversight and monitoring of subrecipients, it was found that neither a fiscal nor programmatic system to monitor subrecipients has been implemented. No written policy, monitoring guides or monitoring schedules (if applicable), have been developed as stated in Sections 20 CFR667.400 and 20 CFR667.410. The agency must develop policies to monitor subrecipient providers and provide annual on site reviews.

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION .315(c)**

**FINANCIAL CONDITION
COSHOCOTON COUNTY
DECEMBER 31, 2001**

1.) FINDING:

2001-1

2.) PLANNED CORRECTIVE ACTION

They are reviewing the drawdown process and the time frame in which their contractors request payment. They hope to decrease the number of days in which we have more than \$5,000 on hand for more than two weeks.

3.) ANTICIPATED COMPLETION DATE

December 31, 2002

4.) RESPONSIBLE CONTACT PERSON

Dale W. Hartle, Director, Ohio Regional Development Corp.

**CORRECTIVE ACTION PLAN (continued)
OMB CIRCULAR A-133 SECTION .315©**

**FINANCIAL CONDITION
COSHOCTON COUNTY
December 31, 2001**

1. FINDING
2001-2

2. PLANNED CORRECTIVE ACTION
Until the state system is changed, they will be in compliance.

3. ANTICIPATED COMPLETION DATE
December 31, 2002

4. FINDING
2001-3

5. PLANNED CORRECTIVE ACTION
Until the state system is changed, they will be in compliance.

6. ANTICIPATED COMPLETION DATE
December 31, 2002

7. FINDING

2001-4

8. PLANNED CORRECTIVE ACTION
The agency is updating their procurement policy which should address all areas
They are also going to add greater detail to close out requirement language.

9. ANTICIPATED COMPLETION
Already completed at the time of audit.

10. FINDING
2001-5

11. PLANNED CORRECTIVE ACTION
The agency will comply with findings and perform annual reviews. They have
established check sheets to follow in this area.

12. RESPONSIBLE CONTACT PERSON
Terry Miller, Director, Coshocton County Department of Jobs and Family Services.

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .315(c)**

**FINANCIAL CONDITION
COSHOCOTON COUNTY
DECEMBER 31, 2001**

5.) FINDING: NUMBER:

2000-1

6.) FINDING SUMMARY

Drawdowns should be limited to amounts that will enable the County to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipts of any funds.

7.) FULLY CORRECTED

NO, Finding was first noted in the 1997 audit report when the CDBG Program was last audited. In 1999 the CDBG program was again audited and the finding is still applicable. Reviewed in 2001 audit still applicable.

8.) ACTION TAKEN

Continued reviewing of the drawdown process.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FINANCIAL CONDITION

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 3, 2003